

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT
May 31, 2023

INCORPORATED VILLAGE OF UPPER BROOKVILLE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Upper Brookville
Glen Head, New York

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Upper Brookville (Village), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of Upper Brookville, as of May 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the Village's proportionate share of the net pension asset/(liability), and schedule of Village pension contributions on pages 3 through 13 and 39 through 43, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cullen & Danowski, LLP

December 12, 2023

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Incorporated Village of Upper Brookville's (Village) discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2023 in comparison with the year ended May 31, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements is \$6,563,059, an increase of \$712,098 over the prior year due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The Village's expenses for the year, as reflected in the government-wide financial statements, totaled \$3,258,935. Of this amount, \$459,744 was offset by program charges for services. General revenues of \$3,511,289 amount to 88.42% of total revenues, and were adequate to cover the balance of program expenses.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$527,193 to \$3,091,651. This was largely due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting.
- On the balance sheet, the general fund's unassigned fund balance at year end was \$1,032,822. This represents an increase of 2.34% from the prior year.
- The Village's 2023 property tax levy of \$2,582,081 was a 2.0% decrease compared to the 2022 tax levy and was less than the property tax cap.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (MD&A), the financial statements, and required supplementary information. The financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. Government-wide Financial Statements

The government-wide financial statements present the governmental activities of the Village and are organized to provide an understanding of the fiscal performance of the Village, as a whole, in a manner similar to a private sector business. There are two government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Village's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. To assess the overall health of the Village, one needs to consider additional nonfinancial factors such as changes in the Village's property tax base and the condition of the Village's infrastructure, equipment, buildings, and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Village are reported in the governmental funds.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the Village incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, and pension costs, which are recognized as expenditures to the extent the related liabilities mature each period.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Village's operations and the services it provides.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains four individual governmental funds: general fund, parkland fund, garbage district fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village's total net position increased by \$712,098 between fiscal year 2023 and 2022. The increase is due to revenues over expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the Village's Statements of Net Position follows:

	2023	2022	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 4,151,236	\$ 3,538,032	\$ 613,204	17.33 %
Capital Assets	4,354,401	4,268,157	86,244	2.02 %
Net Pension Asset - Proportionate Share		44,078	(44,078)	N/A
Total Assets	<u>8,505,637</u>	<u>7,850,267</u>	<u>655,370</u>	8.35 %
Deferred Outflows of Resources	<u>132,198</u>	<u>115,443</u>	<u>16,755</u>	14.51 %
Liabilities				
Current and Other Liabilities	488,123	406,870	81,253	19.97 %
Long-Term Liabilities	1,415,000	1,535,000	(120,000)	(7.82)%
Net Pension Liability - Proportionate Share	<u>149,112</u>		<u>149,112</u>	N/A
Total Liabilities	<u>2,052,235</u>	<u>1,941,870</u>	<u>110,365</u>	5.68 %
Deferred Inflows of Resources	<u>22,541</u>	<u>172,879</u>	<u>(150,338)</u>	(86.96)%

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Net Position				
Net Investment in Capital Assets	\$ 2,939,401	\$ 2,733,157	\$ 206,244	7.55 %
Restricted	103,854	104,587	(733)	(0.70)%
Unrestricted	<u>3,519,804</u>	<u>3,013,217</u>	<u>506,587</u>	16.81 %
Total Net Position	<u>\$ 6,563,059</u>	<u>\$ 5,850,961</u>	<u>\$ 712,098</u>	12.17 %

The increase in current and other assets mostly relates to an increase in cash.

The increase in capital assets is due to capital asset additions in excess of depreciation expense. The increase in capital asset additions was mainly the repaving of Planting Fields Road, which was entirely funded by a New York State grant. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net Pension asset – proportionate share represents the Village's share of the New York State and Local Employees' Retirement System's (ERS) collective net pension asset, at the measurement date. In the current year, the Village's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 11 "Pension Plan – New York State," provides additional information.

Deferred outflows of resources represents contributions to the pension plan subsequent to the measurement date and actuarial adjustments of the pension plan that will be amortized in future years.

The increase in current and other liabilities is primarily attributed to unspent American Rescue Plan Act funding.

The decrease in long-term liabilities is the result of the repayment of the current maturity of the bond indebtedness.

Net pension liability – proportionate share represents the Village's share of the ERS' collective net pension liability, at the measurement date. The increase is due to the shift from net pension asset in the prior year, to net pension liability in the current year. The accompanying Notes to Financial Statements, Note 11 "Pension Plan – New York State," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension plan that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt.

The restricted amount is funds reserved for park and conservation projects.

The unrestricted amount relates to the balance of the Village's net position. This balance does not include the Village's reserves, which are classified as restricted.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended May 31, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 179,744	\$ 148,470	\$ 31,274	21.06 %
Capital Grants	280,000		280,000	N/A
General Revenues				
Property Taxes	2,583,396	2,637,238	(53,842)	(2.04)%
State and Federal Sources	230,188	318,594	(88,406)	(27.75)%
Other	697,705	541,611	156,094	28.82 %
Total Revenues	<u>3,971,033</u>	<u>3,645,913</u>	<u>325,120</u>	8.92 %
Expenses				
General government	601,348	526,609	74,739	14.19 %
Public safety	1,835,539	1,441,488	394,051	27.34 %
Transportation	621,499	534,771	86,728	16.22 %
Culture and recreation	2,932	46	2,886	6273.91 %
Home and community	160,839	172,906	(12,067)	(6.98)%
Debt Service - Interest	36,778	39,928	(3,150)	(7.89)%
Total Expenses	<u>3,258,935</u>	<u>2,715,748</u>	<u>543,187</u>	20.00 %
Change in Net Position	<u>\$ 712,098</u>	<u>\$ 930,165</u>	<u>\$ (218,067)</u>	(23.44)%

The Village's net position increased by \$712,098 and \$930,165 for the years ended May 31, 2023 and 2022, respectively.

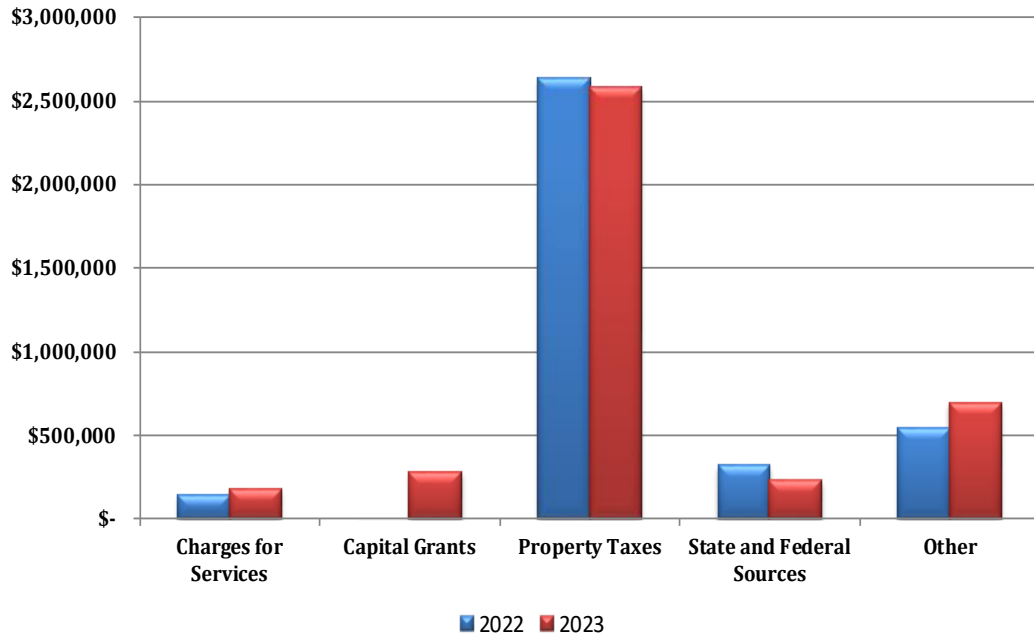
The Village's revenues increased by \$325,120 or 8.92%. The major factor that contributed to the increase was a grant from New York State Department of Transportation for road reconstruction.

Expenses increased by \$543,187 or 20.0%. The increase in expenses is primarily due to an increase in public safety expense. In the prior year, there was a reduction of police protection expenses paid to the OBPD resulting from a simultaneous refund to the village of funds previously paid to the OBPD in excess of their operating needs. This enabled OBPD to reduce the amount charged to other local governments for police services. There was no such surplus in the current year to offset expenses.

As indicated on the graphs that follow, real property taxes is the largest component of revenues recognized (i.e., 65.1% and 72.3% of the total for the years 2023 and 2022, respectively). Public safety is the largest category of expenses incurred (i.e., 56.3% and 53.0% of the total for the years 2023 and 2022, respectively).

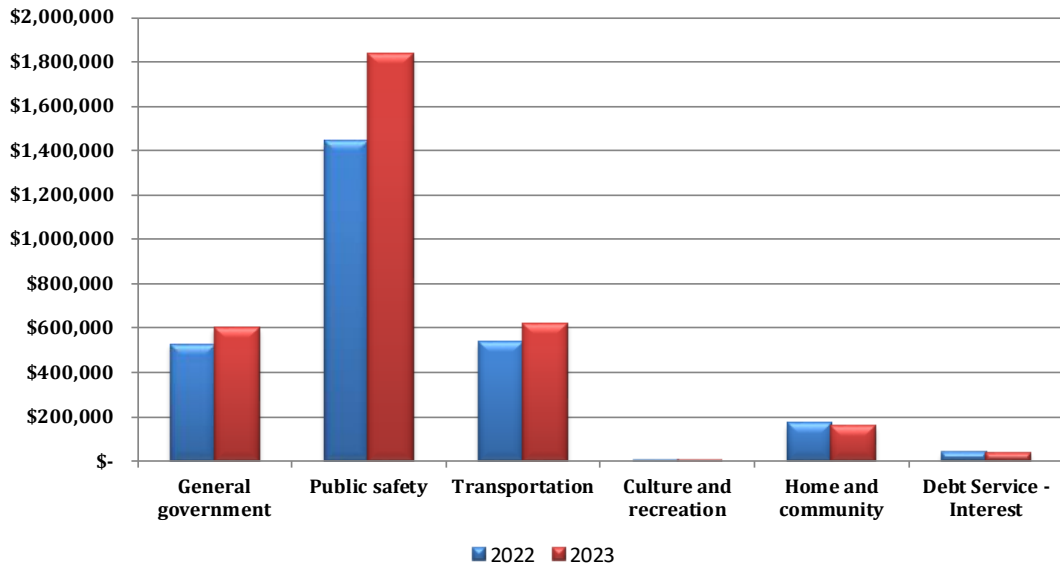
INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Capital Grants	Property Taxes	State and Federal Sources	Other
2022	4.1%	0.0%	72.3%	8.7%	14.9%
2023	4.5%	7.1%	65.1%	5.8%	17.5%

A graphic display of the distribution of expenses for the two years follows:



	General government	Public safety	Transportation	Culture and recreation	Home and community	Debt Service - Interest
2022	19.4%	53.0%	19.7%	0.0%	6.4%	1.5%
2023	18.5%	56.3%	19.1%	0.1%	4.9%	1.1%

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At May 31, 2023, the Village's governmental funds reported a combined fund balance of \$3,611,085, which is an increase of \$519,171 over the prior year. This increase is due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Nonspendable: Prepays	\$ 56,015	\$ 50,285	\$ 5,730	11.40 %
Assigned:				
Designated for litigation	200,000	200,000	-	0.00 %
Designated for Village Hall Renovation	705,000	505,000	200,000	39.60 %
Designated for Mill River Road Repaving	640,000	600,000	40,000	6.67 %
Designated for Planting Fields Road Repaving		200,000	(200,000)	(100.00)%
Designated for OBPD Legacy Expenses	200,000		200,000	N/A
Appropriated fund balance	257,814		257,814	N/A
Unassigned: Fund balance	<u>1,032,822</u>	<u>1,009,173</u>	<u>23,649</u>	<u>2.34 %</u>
	<u>3,091,651</u>	<u>2,564,458</u>	<u>527,193</u>	<u>20.56 %</u>
Parkland Fund				
Restricted: Parkland	<u>103,854</u>	<u>104,587</u>	<u>(733)</u>	<u>(0.70)%</u>
Garbage District Fund				
Assigned: Unappropriated fund balance	<u>7,729</u>	<u>6,856</u>	<u>873</u>	<u>12.73 %</u>
Capital Projects Fund				
Assigned: Unappropriated fund balance	<u>407,851</u>	<u>416,013</u>	<u>(8,162)</u>	<u>(1.96)%</u>
	<u>407,851</u>	<u>416,013</u>	<u>(8,162)</u>	<u>(1.96)%</u>
Total Fund Balance	<u>\$ 3,611,085</u>	<u>\$ 3,091,914</u>	<u>\$ 519,171</u>	<u>16.79 %</u>

A. General Fund

The net change in the general fund – fund balance is an increase of \$527,193, compared to an increase of \$906,579 in 2022. This resulted from revenues in excess of expenditures and other financing uses.

The Village's revenues increased when compared to the prior year, primarily due to the following changes:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes	\$ 2,571,731	\$ 2,632,541	\$ (60,810)	(2.31)%
Other Tax Items	9,092	11,104	(2,012)	(18.12)%
Nonproperty Taxes	107,018	99,131	7,887	7.96 %
Other Local Revenue	608,909	432,300	176,609	40.85 %
State Sources	<u>230,188</u>	<u>318,594</u>	<u>(88,406)</u>	<u>(27.75)%</u>
	<u>\$ 3,526,938</u>	<u>\$ 3,493,670</u>	<u>\$ 33,268</u>	<u>0.95 %</u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

- Increase in use of money and property due to higher interest rates and earnings.
- Increase in miscellaneous due to insurance recoveries and refund from the East Norwich Fire Company.
- Decrease in State aid due to a decrease in mortgage tax revenue.
- Decrease in real property taxes due to a budgeted decrease of 2.0%.

The Village's expenses increased when compared to the prior year, primarily due to the following changes:

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 517,039	\$ 540,871	\$ (23,832)	(4.41)%
Public Safety	1,800,023	1,406,322	393,701	28.00 %
Transportation	399,113	319,174	79,939	25.05 %
Home and Community Services	10,663	42,943	(32,280)	(75.17)%
Employee Benefits	115,013	116,737	(1,724)	(1.48)%
Debt Service	157,894	161,044	(3,150)	(1.96)%
	<u>\$ 2,999,745</u>	<u>\$ 2,587,091</u>	<u>\$ 412,654</u>	15.95 %

- Increase in public safety due to an increase in the net amount paid for police protection. In the prior year, the Village received an offset to the fees paid to the OBPD resulting from a refund of surplus funds paid to the OBPD in prior periods that exceeded the cost of police protection. This enabled OBPD apply the surplus to reduce the amount charged to other local governments for police services. There was no such surplus in the current year to offset police service fees.
- Increase in transportation is mainly due to road and drain improvements.
- Decrease in home and community due to a decrease in zoning fees.
- Decrease in general support due to a decrease in building expenses.

B. Parkland Fund

The net change in the parkland fund - fund balance is a decrease of \$733, due to expenditures incurred in excess of interest earned during the year.

C. Garbage District Fund

The net change in the garbage fund - fund balance is an increase of \$873, due to departmental income and interest revenues in excess of garbage expenditures.

D. Capital Projects Fund

The net change in the capital projects fund - fund balance is a decrease of \$8,162, due to expenditures incurred in excess of revenues during the year on capital projects.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The Village's general fund adopted budget for the year ended May 31, 2023 was \$3,176,054.

The final budget was funded through estimated revenues. The majority of this funding source was \$2,582,081 in estimated property taxes.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 1,009,173
Revenues Over Budget	350,884
Expenditures Under Budget	176,309
Net Change in Nonspendable Fund Balance	(5,730)
Allocation to Reserves	(240,000)
Appropriated for the 2023-2024 Budget	<u>(257,814)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 1,032,822</u></u>

Opening, Unassigned Fund Balance

The \$1,009,173 shown in the table is the portion of the Village's May 31, 2022 fund balance that was retained as unassigned.

Revenues Over Budget

The 2022-2023 final budget for revenues was \$3,176,054. Actual revenues recognized for the year were \$3,526,938. The excess of actual revenue over estimated or budgeted revenue was \$350,884, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2022 to May 31, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures Under Budget

The final 2022-2023 final budget for expenditures as of May 31, 2023, was \$3,176,054. Actual expenditures as of May 31, 2023 was \$2,999,745. The final budget variance was \$176,309, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2022 to May 31, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of prepaid fire protection and various insurance premiums. The resulting balance sheet assets cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The decrease in nonspendable fund balance increases unassigned fund balance.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the Village's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

Appropriated Fund Balance

The Village has chosen to use \$257,814 of the available May 31, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budgets. As such, the May 31, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at May 31, 2023 was \$1,032,822.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At May 31, 2023, the Village had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$308,526, in excess of depreciation expense of \$222,282 recorded for the year ended May 31, 2022. A summary of the Village's capital assets, net of accumulated depreciation at May 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Land	\$ 399,800	\$ 399,800	\$ -
Construction in progress	50,000	23,820	26,180
Buildings	1,516,062	1,551,578	(35,516)
Improvements	26,339	27,157	(818)
Equipment	38,022	41,138	(3,116)
Infrastructure	<u>2,324,178</u>	<u>2,224,664</u>	<u>99,514</u>
Capital assets, net	<u>\$ 4,354,401</u>	<u>\$ 4,268,157</u>	<u>\$ 86,244</u>

B. Debt Administration

At May 31, 2023, the Village had total bonds payable of \$1,415,000. The bonds were issued to construct improvements to Friendly Road, Chapel Gate Lane and other Village roads. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at May 31, 2023 and 2022 is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
1/30/2018	2.48%	<u>\$ 1,415,000</u>	<u>\$ 1,535,000</u>	<u>\$ (120,000)</u>

As of May 31, 2023, the Village has yet to issue \$1,000,000 of the \$3,000,000 approved bond authorization.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities is the net pension liability – proportionate share, which is based on an actuarial valuation. The following is a summary at May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Net pension liability - proportionate share	<u>\$ 149,112</u>	<u>\$</u>	<u>\$ 149,112</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Trustees (Board) approved a \$3,475,375 general fund budget for the year ending May 31, 2024. This is a \$299,321 increase compared to the previous year's budget.

The Village budgeted revenues other than property taxes at an increase of \$93,150 compared to the prior year's estimate, which is principally due to estimated increases in state aid and licenses and permits. Property taxes were budgeted at a decrease of \$51,643 (2.00%), levy to levy.

B. Future Budgets

Anticipated increases in Public Safety service fees and the effects of inflation on charges of goods and services may impact the Village's future budgets, but such increases are expected to be immaterial.

C. Tax Cap

New York State law limits the increase in the property tax levy of Villages to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Villages may override the tax levy limit by first passing a local law that allows for the tax levy to be exceeded. The override vote requires a 60% vote of the total voting power of the governing board. Based on the law, the Village's tax levy cap for 2023-2024 is 3.92%. The Village has not passed a local law to allow the tax levy to be exceeded in any of the past six years. In fact, the Village lowered the property tax levy in each of the past six years.

8. CONTACTING THE VILLAGE

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. Requests for additional information can be directed to:

Elliot S. Conway, Mayor
Incorporated Village of Upper Brookville
24 Wolver Hollow Road
Glen Head, New York 11545

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Statement of Net Position
May 31, 2023

ASSETS

Cash	
Unrestricted	\$ 3,826,120
Restricted	103,854
Receivables	
Accounts receivable	24,763
Taxes receivable	65,188
Due from state and federal	71,866
Other assets	3,430
Prepays	56,015
Capital assets not being depreciated	449,800
Capital assets being depreciated, net of accumulated depreciation	<u>3,904,601</u>
 Total Assets	 <u>8,505,637</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>132,198</u>
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LIABILITIES

Payables	
Accounts payable	23,160
Accrued liabilities	13,160
Guaranty and bid deposits	271,430
Due to employees' retirement system	7,409
Unearned credits: Collections in advance	172,964
Long-term liabilities	
Due and payable within one year	
Bonds payable	125,000
Due and payable after one year	
Bonds payable	1,290,000
Net pension liability - proportionate share	<u>149,112</u>
 Total Liabilities	 <u>2,052,235</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>22,541</u>
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NET POSITION

Net investment in capital assets	2,939,401
Restricted	103,854
Unrestricted	<u>3,519,804</u>
 Total Net Position	 <u>\$ 6,563,059</u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE

Statement of Activities

For the Year Ended May 31, 2023

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Capital Grants & Contributions	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General government	\$ 601,348	\$ 30,162		\$ (571,186)
Public safety	1,835,539		280,000	(1,555,539)
Transportation	621,499			(621,499)
Culture and recreation	2,932			(2,932)
Home and community	160,839	149,582		(11,257)
Debt service - interest	36,778			(36,778)
	<u>\$ 3,258,935</u>	<u>\$ 179,744</u>	<u>\$ 280,000</u>	<u>(2,799,191)</u>
Total Functions and Programs				
GENERAL REVENUES				
Real property taxes				2,583,396
Other tax items				9,092
Non-property taxes				107,018
Use of money and property				103,745
Licenses and permits				369,297
Miscellaneous				108,553
State and federal aid				<u>230,188</u>
Total General Revenues				<u>3,511,289</u>
Change in Net Position				712,098
Total Net Position - Beginning of Year				<u>5,850,961</u>
Total Net Position - End of Year				<u>\$ 6,563,059</u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Balance Sheet - Governmental Funds
 May 31, 2023

	General	Parkland	Garbage District	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	\$ 3,252,937		\$ 163,009	\$ 410,174	\$ 3,826,120
Restricted		103,854			103,854
Receivables					
Accounts receivable	24,763				24,763
Taxes receivable	65,188				65,188
Due from other funds	2,323				2,323
Due from state and federal	71,866				71,866
Other assets	3,430				3,430
Prepays	56,015				56,015
 Total Assets	<u>\$ 3,476,522</u>	<u>\$ 103,854</u>	<u>\$ 163,009</u>	<u>\$ 410,174</u>	<u>\$ 4,153,559</u>
LIABILITIES					
Payables					
Accounts payable	\$ 23,160				\$ 23,160
Guaranty and bid deposits	271,430				271,430
Due to other funds				2,323	2,323
Due to employees' retirement system	7,409				7,409
Unearned credits					
Collections in advance	17,684		155,280		172,964
 Total Liabilities	<u>319,683</u>	<u>-</u>	<u>155,280</u>	<u>2,323</u>	<u>477,286</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	65,188				65,188
FUND BALANCES					
Nonspendable: Prepays	56,015				56,015
Restricted: Parkland		103,854			103,854
Assigned:					
Appropriated Fund Balance	257,814				257,814
Designated for litigation	200,000				200,000
Designated for Village Hall	705,000				705,000
Designated for Mill River Road	640,000				640,000
Designated for OBPD	200,000				200,000
Unappropriated fund balance			7,729	407,851	415,580
Unassigned: Fund balance	1,032,822				1,032,822
 Total Fund Balances	<u>3,091,651</u>	<u>103,854</u>	<u>7,729</u>	<u>407,851</u>	<u>3,611,085</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,476,522</u>	<u>\$ 103,854</u>	<u>\$ 163,009</u>	<u>\$ 410,174</u>	<u>\$ 4,153,559</u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2023

Total Governmental Fund Balances \$ 3,611,085

Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building and acquiring capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 6,194,802	
Less: Accumulated depreciation	<u>(1,840,401)</u>	
		4,354,401

Proportionate share of long-term liability, as well as, deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	132,198	
Net pension liability - employees' retirement system	(149,112)	
Deferred inflows of resources	<u>(22,541)</u>	
		(39,455)

Some of the Village's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 65,188

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued interest on bonds payable	(13,160)	
Bonds payable	<u>(1,415,000)</u>	
		<u>(1,428,160)</u>

Total Net Position \$ 6,563,059

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2023

	General	Parkland	Garbage District	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$ 2,571,731	\$	\$	\$	\$ 2,571,731
Real property tax items	9,092				9,092
Non-property taxes	107,018				107,018
Departmental income	9,000		149,582		158,582
Use of money and property	100,897	2,199	649		103,745
Licenses and permits	369,297				369,297
Fines and forfeited bail	21,162				21,162
Miscellaneous	108,553				108,553
State and federal aid	230,188			280,000	510,188
Total Revenues	3,526,938	2,199	150,231	280,000	3,959,368
EXPENDITURES					
General government	517,039			28,075	545,114
Public safety	1,800,023				1,800,023
Transportation	399,113			260,087	659,200
Culture and recreation		2,932			2,932
Home and community	10,663		149,358		160,021
Employee benefits	115,013				115,013
Debt service					
Principal	120,000				120,000
Interest	37,894				37,894
Total Expenditures	2,999,745	2,932	149,358	288,162	3,440,197
Net Change in Fund Balances	527,193	(733)	873	(8,162)	519,171
Fund Balances					
Beginning of Year	2,564,458	104,587	6,856	416,013	3,091,914
End of Year	<u>\$ 3,091,651</u>	<u>\$ 103,854</u>	<u>\$ 7,729</u>	<u>\$ 407,851</u>	<u>\$ 3,611,085</u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended May 31, 2023

Net Change in Fund Balances \$ 519,171

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). 11,664

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, capital outlays and other additions exceeded depreciation in the period.

Capital outlays and other additions	\$ 308,526	
Depreciation expense	(222,282)	
		86,244

Long-Term Debt Transactions Differences

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Bond payable	120,000	
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2022 to May 31, 2023. 121,116

	1,116	
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Pension Differences

The change in the proportionate share of the collective pension expense of the state retirement plan reported in the Statement of Activities did not affect current financial resources and, therefore, is not reported in the governmental funds.

Employees' retirement system		(26,097)
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Change in Net Position of Governmental Activities	\$	712,098
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INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of Upper Brookville (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Village are as follows:

A. Reporting Entity

The Village, which was incorporated in 1932, is governed by the Charter of the State of New York, Village law and other general Laws of the State of New York and various local laws and ordinances. The Village is governed by the Mayor and the Board, which is the legislative body responsible for the overall operation of the Village (collectively five members). The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer of the Village.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following basic services are provided: general support, public safety including contracted police and fire protection, sanitation, recreation, street maintenance and lighting.

The accompanying financial statements present the activities of the Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village's reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Village. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the Village at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

The fund financial statements provide information about the Village's funds. Separate statements for each fund type are presented. The Village's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the Village's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Parkland Fund - is used to account for special assessments from subdivisions that are specifically assigned for the improvement and conservation of parklands within the Village.

Garbage District Fund - is used to account for garbage collection and disposal services provided by a private carter contracted with the Village. The major source of revenue is collections from residents to pay for the services provided by the private carter.

Capital Projects Fund - is used to account for the financial resources used for the acquisition, construction, renovation, or major repair of capital facilities and other capital assets.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the Village would not expect to liquidate currently with expendable available financial resources would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and pension costs. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. Real Property Taxes

Real property taxes are levied no later than May 15th and become a lien on June 1st. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax lien sales.

E. Payments in Lieu of Taxes (PILOT)

The Village reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the Village.

The Village's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The Village received \$4,588 in LIPA PILOT revenue during the 2022-2023 fiscal year.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

G. Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

In the government-wide statements, eliminations have been made for all interfund receivables and payables among the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables and payables activity is provided subsequently in these Notes to Financial Statements.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, pension costs, potential contingent liabilities, and useful lives of capital assets.

I. Cash and Cash Equivalents/Investments

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

K. Prepaid Items

Prepaid items represent payments made by the Village for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Under the consumption method, a current asset for the prepaid item is recorded at the time of purchase and an expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that prepaids do not constitute available spendable resources.

L. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	50 years
Improvements	5,000	5-50 years
Vehicles Equipment	5,000	5-15 years
Infrastructure - Bridges	5,000	20-50 years
Infrastructure - Roads	5,000	20-50 years
Infrastructure - Water & Sewer	5,000	50-100 years

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The balance is related to pensions and consists of the Village's proportionate share of changes in the collective net pension liability not included in the collective pension expense, and the Village's contributions to the pension system (ERS) subsequent to the measurement date.

N. Collections in Advance

Collections in advance arise when resources are received by the Village before it has a legal claim to them, as when monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the Village. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the Village has legal claim to the resources.

O. Short-Term Debt

The Village may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date; seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

No short-term debt was issued during the year ended May 31, 2023.

P. Employee Benefits

Eligible Village employees participate in the ERS.

The Village provides individual or family health insurance coverage for active employees pursuant to Village policy.

INCORPORATED VILLAGE OF UPPER BROOKVILLE

NOTES TO FINANCIAL STATEMENTS

(Continued)

Village employees may choose to participate in the Village's elective deferred compensation plan established under Internal Revenue Code §457.

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation must be used in the year earned and cannot be accumulated. Unused vacation days will not be paid at year-end. Sick days unused at the end of the year may be carried over into the next year, to a maximum of 30 days. Employees will not be paid for unused sick days upon separation from the Village.

Q. Long-Term Debt

The Village borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

R. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The Village has two items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the government-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the government-wide Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension liability not included in the collective pension expense.

S. Equity Classifications

Government-Wide Statements

In the government-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets.

Restricted – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids, which are recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The Village has established the following restricted fund balances:

Reserve for Parkland

Represents fees received from landowners that have received approval for land subdivision and future development. These fees will be used for future park, playground and recreation purposes.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance may also include an amount appropriated to partially fund the subsequent year's budget, as well as special designations.

Unassigned – Represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either approved budget or Board approved budget revision and then from the assigned fund balance to the extent that there is an appropriation and then from the unassigned fund balance.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the Village feels may have a future impact on these financial statements. The Village will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
May 31, 2024	GASB No. 99 – <i>Omnibus 2022</i>
May 31, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides additional guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Village’s governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

B. Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Village's proportionate share of the collective pension expense of the plan.

4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The Village's administration submits a tentative budget to the Board. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund.

A public hearing is held on the tentative budget by April 15th. After completion of the budget hearing, the Board may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1st.

All subsequent modifications of the budget must be approved by the Board.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the current year are increased by the amount of the encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and by the appropriation of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Village's investment policies are governed by state statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Village's name.

The Village's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the Village's behalf at year end.

The Village did not have any investments at year end. Consequently, the Village was not exposed to any material interest rate risk or foreign currency risk.

6. DUE FROM STATE AND FEDERAL

Due from state and federal at May 31, 2023 consisted of:

General Fund	
Nassau County mortgage tax	\$ 20,877
FEMA - Hurricane Isaias	989
DASNY Grant	<u>50,000</u>
	<u>\$ 71,866</u>

Village management expects these amounts to be fully collectible.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. PREPAIDS

Prepays at May 31, 2023 consisted of:

General Fund		
Fire protection	\$	34,678
Health insurance		10,873
Workers' compensation		8,617
NYCOM dues		1,127
Garbage		720
		<u>56,015</u>
	<u>\$</u>	<u>56,015</u>

8. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2023 are as follows:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,323	\$
Capital Projects Fund		2,323
	<u>\$ 2,323</u>	<u>\$ 2,323</u>

9. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension costs, for the year are summarized below:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>May 31, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>May 31, 2023</u>	<u>Due Within</u>
					<u>One Year</u>
Long-term debt:					
Bonds payable	<u>\$ 1,535,000</u>	<u>\$</u>	<u>\$ (120,000)</u>	<u>\$ 1,415,000</u>	<u>\$ 125,000</u>

The general fund has typically been used to liquidate long-term liabilities.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. CAPITAL ASSETS

A. Changes

Capital asset balances and activity for the year ended May 31, 2023 were as follows:

	Balance May 31, 2022	Additions	Reductions	Balance May 31, 2023
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 399,800	\$	\$	\$ 399,800
Construction in progress	23,820	50,000	(23,820)	50,000
Total capital assets not being depreciated	<u>423,620</u>	<u>50,000</u>	<u>(23,820)</u>	<u>449,800</u>
Capital assets being depreciated:				
Buildings	1,767,621			1,767,621
Improvements	30,775			30,775
Equipment	49,428			49,428
Infrastructure	3,614,832	282,346		3,897,178
Total capital assets being depreciated	<u>5,462,656</u>	<u>282,346</u>	<u>-</u>	<u>5,745,002</u>
Less accumulated depreciation for:				
Buildings	216,043	35,516		251,559
Improvements	3,618	818		4,436
Equipment	8,290	3,116		11,406
Infrastructure	1,390,168	182,832		1,573,000
Total accumulated depreciation	<u>1,618,119</u>	<u>222,282</u>	<u>-</u>	<u>1,840,401</u>
Total capital assets being depreciated, net	<u>3,844,537</u>	<u>110,064</u>	<u>-</u>	<u>3,904,601</u>
Capital assets, net	<u>\$ 4,268,157</u>	<u>\$ 110,064</u>	<u>\$ -</u>	<u>\$ 4,354,401</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 3,116
Public safety	35,516
Transportation	182,832
Home & community	<u>818</u>
	<u>\$ 222,282</u>

B. Impairment Losses

The Village evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2023, the Village has not recorded any such impairment losses.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2023
Serial bonds	1/30/2018	1/15/2033	2.48%	<u>\$ 1,415,000</u>

The following is a summary of debt service requirements for bonds payable:

Year Ending May,	Principal	Interest	Total
2024	\$ 125,000	\$ 35,092	\$ 160,092
2025	130,000	31,992	161,992
2026	130,000	28,768	158,768
2027	135,000	25,544	160,544
2028	140,000	22,196	162,196
2029 - 2033	<u>755,000</u>	<u>57,164</u>	<u>812,164</u>
Total	<u>\$ 1,415,000</u>	<u>\$ 200,756</u>	<u>\$ 1,615,756</u>

D. Interest Expense

Interest on long-term debt for the year was composed of:

Interest paid	\$ 37,894
Less interest accrued in the prior year	(14,276)
Plus interest accrued in the current year	<u>13,160</u>
Total interest expense on long-term debt	<u>\$ 36,778</u>

E. Unissued Debt

On August 12, 2016, the Board adopted a \$3,000,000 bond resolution (\$500,000 to construct improvements to Friendly Road and Chapel Gate Lane and \$2,500,000 to construct improvements to other roads in the Village determined by the Board). The Village has issued \$2,000,000 in bonds for Friendly Road, Chapel Gate Lane, and other roads in the Village; therefore, \$1,000,000 remains authorized and unissued.

11. PENSION PLANS – NEW YORK STATE

A. General Information

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, defined benefit, public employee retirement system. The system provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Provisions and Administration

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The Village paid 100% of the required contributions as billed by the ERS for the current year. The Village's average contribution rate was 9.98% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2023 was \$34,548 for ERS at an average contribution rate of 9.98%.

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2023, the Village reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the system. The net pension asset/(liability) was measured as of March 31, 2023. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset was based on a projection of the Village's long-term share of contributions to the system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Village.

Measurement date	March 31, 2023
Village's proportionate share of the net pension liability	\$ (149,112)
Village's portion of the Plan's total pension liability	0.0006954%
Change in proportion since the prior measurement date	0.0001562

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended May 31, 2023, the Village recognized a pension expense of \$62,617 for ERS. At May 31, 2023, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,882	\$ 4,188
Changes of assumptions	72,418	800
Net difference between projected and actual earnings on pension plan investments		876
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	36,489	16,677
Village contributions subsequent to the measurement date	<u>7,409</u>	
Total	<u>\$ 132,198</u>	<u>\$ 22,541</u>

Village contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending May 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending May 31,</u>	
2024	\$ 27,037
2025	(3,809)
2026	34,452
2027	<u>44,568</u>
	<u>\$ 102,248</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Inflation	2.90%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		March 31, 2023
Asset class		
Domestic equity	32.0%	4.30%
International equity	15.0%	6.85%
Real estate equity	9.0%	4.60%
Private equities	10.0%	7.50%
Alternatives investments	10.0%	5.38-5.84%
Fixed income	23.0%	1.50%
Cash	1.0%	0.00%
	100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the system’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.90%) or 1 percentage point higher (6.90%) than the current rate:

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Village's proportionate share of the net pension asset/(liability)	\$ (360,339)	\$ (149,112)	\$ 27,393

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement date were as follows:

	<i>(Dollars in Thousands)</i>
Measurement date	March 31, 2023
Employers' total pension liability	\$ (232,627,259)
Plan fiduciary net position	211,183,223
Employers' net pension liability	\$ (21,444,036)
Ratio of plan fiduciary net position to the employers' total pension liability	90.78%

Payables to the Pension Plan

Employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2023, represent the projected employer contribution for the period of April 1, 2022 through May 31, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2023 amounted to \$7,409 of employer contributions. Employee contributions are remitted monthly.

12. PENSION PLANS - OTHER

Deferred Compensation Plan

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended May 31, 2023 totaled \$67,541.

13. JOINT ACTIVITY CONTRACT

The Village entered into a joint police protection agreement with the Village of Muttontown on February 23, 2022. The contract has a five-year term commencing June 1, 2022 and ending May 31, 2027. The transactions of the Joint Police Activity Fund are excluded from the financial statements of all participating municipalities. Separate financial statements are issued for the joint activity.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Significant provisions of the contract are as follows:

- A. The Incorporated Village of Upper Brookville (VUB) and the Incorporated Village of Muttontown (VM) signed a 5-year agreement to have the former Muttontown Police Department service the two villages. The protection commenced on June 1, 2022. The department is now known as the Muttontown & Upper Brookville Police Department (MUBPD).
- B. The parties allocate costs by a formula based 50% on population and 50% on the number of housing units as reported by the U.S. Census Bureau. For the 5-year term of the agreement, the costs are allocated 67.7% to VM and 32.3% to VUB.
- C. Under the JPA, one police officer and one police car will be assigned per police tour to Upper Brookville, 24 hours a day, 7 days a week.
- D. The Village of Muttontown plans to sign a new collective bargaining agreement with the police that will commence on January 1, 2024 and shall run through and including December 31, 2028.

14. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

15. COMMITMENTS AND CONTINGENCIES

A. Grants

The Village has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Village's administration believes disallowances, if any, would be immaterial.

B. Litigation

The Village is involved in lawsuits arising from the normal conduct of its affairs. The Village believes that the outcome of any matters will not have a material effect on these financial statements.

C. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2023, which could affect future operating budgets of the Village.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Operating Leases/Related Party

The Village leases its street maintenance equipment from a company whose principal is a Village employee. Lease expenses for the year were \$85,767. The lease renews annually.

16. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real Property Taxes	\$ 2,582,081	\$ 2,582,081	\$ 2,571,731	\$ (10,350)
Other Real Property Tax Items	6,850	6,850	9,092	2,242
Non-Property Taxes	99,718	99,718	107,018	7,300
Departmental Income	6,000	6,000	9,000	3,000
Use of Money and Property	9,000	9,000	100,897	91,897
Licenses and Permits	300,000	300,000	369,297	69,297
Fines and Forfeited Bail	15,000	15,000	21,162	6,162
Miscellaneous	1,500	1,500	108,553	107,053
State and Federal Aid	155,905	155,905	230,188	74,283
Total Revenues	<u>\$ 3,176,054</u>	<u>\$ 3,176,054</u>	<u>3,526,938</u>	<u>\$ 350,884</u>

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance
EXPENDITURES				
General Government Support				
Municipal Court	\$ 33,200	\$ 32,698	\$ 20,019	\$ 12,679
Legislative Board	2,500	3,002	3,002	-
Auditor	12,500	12,500	12,000	500
Clerk	247,221	265,313	253,412	11,901
Attorney	128,000	128,000	97,488	30,512
Engineer	11,000	14,216	14,216	-
Elections	1,000	1,303	1,303	-
Buildings	20,000	72,244	72,244	-
Unallocated insurance	37,000	30,268	29,341	927
Municipal association dues	3,500	3,500	1,400	2,100
Judgements and claims	25,000	25,000	12,614	12,386
	<u>520,921</u>	<u>588,044</u>	<u>517,039</u>	<u>71,005</u>
Total General Government Support				
Public Safety				
Police	1,350,000	1,311,640	1,311,640	-
Fire Protection	401,000	404,206	403,415	791
Safety Inspection	109,000	105,191	84,968	20,223
	<u>1,860,000</u>	<u>1,821,037</u>	<u>1,800,023</u>	<u>21,014</u>
Total Public Safety				
Transportation				
Street Maintenance	424,283	423,947	387,713	36,234
Snow Removal	11,500	11,500	8,064	3,436
Street Lighting	3,000	3,336	3,336	-
	<u>438,783</u>	<u>438,783</u>	<u>399,113</u>	<u>39,670</u>
Total Transportation				
Culture & Recreation				
Celebrations	3,500	3,500	-	3,500
Home & Community				
Zoning Board of Appeals	36,500	8,340	7,411	929
Planning Board	2,000	2,000	347	1,653
Flood	5,000	5,000	2,905	2,095
	<u>43,500</u>	<u>15,340</u>	<u>10,663</u>	<u>4,677</u>
Total Home & Community				
Employee Benefits				
State Retirement	45,000	42,488	36,521	5,967
Social Security & Medicare	27,000	29,512	29,512	-
Workers' Compensation	11,500	11,500	6,607	4,893
Unemployment Insurance	2,500	2,500	1,960	540
Disability Insurance	250	250	-	250
Hospital & Medical Insurance	65,000	65,000	40,413	24,587
	<u>151,250</u>	<u>151,250</u>	<u>115,013</u>	<u>36,237</u>
Total Employee Benefits				

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance
EXPENDITURES				
Debt Service				
Principal	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Interest	38,100	38,100	37,894	206
Total Debt Service	158,100	158,100	157,894	206
Total Expenditures	<u>\$ 3,176,054</u>	<u>\$ 3,176,054</u>	2,999,745	<u>\$ 176,309</u>
Net Change in Fund Balance			527,193	
Fund Balance - Beginning of Year			<u>2,564,458</u>	
Fund Balance - End of Year			<u>\$ 3,091,651</u>	

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of the Village's Proportionate Share of the Net Pension Asset/(Liability)
Last Five Fiscal Years

Employees' Retirement System

	2023	2022	2021	2020	2019
Village's proportion of the net pension asset/(liability)	0.0006954%	0.0005392%	0.0007537%	0.0008517%	0.0006730%
Village's proportionate share of the net pension asset/(liability)	\$ (149,112)	\$ 44,078	\$ (750)	\$ (225,537)	\$ (47,681)
Village's covered payroll	\$ 346,233	\$ 281,878	\$ 308,879	\$ 289,183	\$ 238,541
Village's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(43.07)%	15.64 %	0.24 %	77.99 %	19.99 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	90.78%	103.65%	99.95%	86.39%	96.27%
Discount Rate	5.90 %	5.90 %	5.90 %	6.80 %	7.00 %

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Village Pension Contributions
 Last Five Fiscal Years

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 34,548	\$ 42,703	\$ 42,874	\$ 39,766	\$ 35,137
Contributions in relation to the contractually required contribution	<u>34,548</u>	<u>42,703</u>	<u>42,874</u>	<u>39,766</u>	<u>35,137</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 346,233	\$ 281,878	\$ 308,879	\$ 289,183	\$ 238,541
Contributions as a percentage of covered payroll	10%	15%	14%	14%	15%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

